

3275
RECEIVED
LEGISLATIVE AUDITOR
2010 NOV -3 PM 3:31

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/10/10

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2008**

TABLE OF CONTENTS

	<u>Page No.</u>
BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report.....	1
Required Supplemental Information (Part 1 of 2)	
Management's Discussion and Analysis.....	4
Fund Financial Statements	
Statements of Net Assets.....	10
Statements of Revenue, Expenses and Changes in Fund Net Assets.....	13
Statements of Cash Flows.....	15
Notes to Financial Statements	
Index.....	18
Notes	19
Required Supplemental Information (Part 2 of 2)	
Budgetary Comparison Schedule.....	31
SUPPLEMENTARY INFORMATION	
Schedules of Operating Expenses.....	34
Schedule of Insurance in Force.....	36
Schedule of Information Required by Rural Development	37
Schedule of Revenues and Expenses – 2010 Budget.....	38
West Feliciana Parish Police Jury Members.....	40
Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
Schedule of Findings and Responses.....	43
Summary Schedule of Prior Year Findings	45
Management's Corrective Action Plan	46

BASIC FINANCIAL STATEMENTS

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants

INDEPENDENT AUDITORS' REPORT

Police Jurors of West Feliciana Parish
Consolidated Waterworks District No. 13
P. O. Box 1921
St. Francisville, Louisiana 70775

We have audited the accompanying financial statements of the business-type activities of the Consolidated Waterworks District No. 13 of West Feliciana Parish, a component unit of the West Feliciana Parish Police Jury, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Consolidated Waterworks District No. 13 of West Feliciana Parish's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Consolidated Waterworks District No. 13 of West Feliciana Parish's management. Our responsibility is to express an opinion on these financial statements based on our audit.

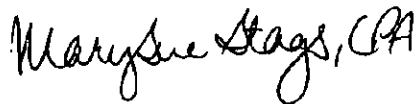
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Consolidated Waterworks District No. 13 of West Feliciana Parish, a component unit of the West Feliciana Parish Police Jury, as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2010, on our consideration of the Consolidated Waterworks District No. 13 of West Feliciana Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consolidated Waterworks District No. 13 of West Feliciana Parish's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA,
A Professional Accounting Corporation
September 14, 2010

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

Proprietary funds. The District maintains only one type of proprietary fund – enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its water services.

Statements include the following:

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Fund Net Assets. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 10-16 of this report.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 18 with the actual notes beginning immediately afterwards.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons beginning on page 31. This schedule indicates the District's compliance with its adopted and final revised budgets.

Other Information. Additionally, this report also presents certain other information that is deemed useful to users of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS
Business-type Activities**

	<u>2009</u>	<u>2008</u>
Assets		
Current assets	\$ 288,438.07	\$ 90,001.91
Restricted assets	654,176.21	592,672.95
Capital assets, net	<u>5,422,596.36</u>	<u>5,012,944.16</u>
Total Assets	6,365,210.64	5,695,619.02
Liabilities		
Current liabilities	490,082.39	468,614.31
Long-term liabilities	<u>2,623,360.19</u>	<u>2,816,003.42</u>
Total Liabilities	<u>3,113,442.58</u>	<u>3,284,617.73</u>
Net Assets		
Invested in capital assets, net of accumulated depreciation and related debt	2,496,522.41	2,075,215.28
Restricted	654,176.21	592,672.95
Unrestricted	<u>101,069.44</u>	<u>(256,886.94)</u>
Net Assets	<u>3,251,768.06</u>	<u>2,411,001.29</u>

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS
Business-type Activities**

	<u>2009</u>	<u>2008</u>
Revenues		
Charges for services	\$ 1,443,088.09	\$ 1,291,517.73
Other operating revenues	40,250.00	34,750.00
Non-operating revenues	<u>609,464.93</u>	<u>89,349.60</u>
Total Revenues	2,092,803.02	1,415,617.33
Expenses		
Operating	1,441,890.64	1,281,759.86
Non-operating	<u>144,993.43</u>	<u>154,906.17</u>
Total Expenses	1,586,884.07	1,436,666.03
Change in net assets	505,918.95	(21,048.67)
Net assets, beginning, restated	<u>2,745,849.11</u>	<u>2,432,049.96</u>
Net assets, ending	<u>3,251,768.06</u>	<u>2,411,001.29</u>

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS
Business-type Activities**

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 492,245.63	\$ 253,724.95
Non-capital financial activities	118,080.51	78,556.00
Capital and related financing activities	(391,757.42)	(414,228.86)
Investing activities	<u>1,523.35</u>	<u>10,539.03</u>
Net Change in Cash and Cash Equivalents	220,092.07	(71,408.88)
Cash and cash equivalents, beginning of year	<u>571,018.90</u>	<u>642,427.78</u>
Cash and cash equivalents, end of year	<u>791,110.97</u>	<u>571,018.90</u>

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

BUDGETARY HIGHLIGHTS

The District's actual operating revenues were \$54,887 less than budgeted almost entirely due to over estimating water sales. Operating expenses were \$143,010 more than budgeted authority. The most significant difference between actual and budgeted amounts was with depreciation. Actual depreciation was \$284,264 while budgeted amounts were \$98,000. This created a negative variance of \$197,897 in expected operating income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets, net of accumulated depreciation and related debt at December 31, 2009 and 2008, was \$2,496,522 and \$2,076,215, respectively. Additions during the current year included continued relocation construction/meter installation of \$532,784, equipment of \$144,320 and vehicles costing \$21,400. The District upgrades meters every year on a rotating basis so that the cost to replace old meters can be spread over time.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
Business-type Activities		
	<u>2009</u>	<u>2008</u>
Non-depreciable Assets		
Land	\$ 34,133.00	\$ 34,133.00
Depreciable Assets		
Distribution system	5,239,876.52	4,936,154.33
Machinery & equipment	123,532.34	27,299.00
Vehicles	<u>25,054.50</u>	<u>15,357.83</u>
Capital Assets, net	<u>5,422,596.36</u>	<u>5,012,944.16</u>

Debt Administration: Long-term debt of the District includes payment of bonds. Total bonded debt outstanding at December 31, 2009 and 2008, was \$2,817,701 and \$2,955,729, respectively. The District paid \$138,028 towards its bonded debt as well as \$148,190 in related interest.

Principle and interest payments are funded by both ad valorem taxes and general revenues.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

A summary of the long-term portion of bonds outstanding is as follows:

**OUTSTANDING BONDS
Business-type Activities**

	<u>2009</u>	<u>2008</u>
General obligation bonds:		
Refunding bonds, Series 1997	\$ 286,000.00	\$ 364,000.00
Revenue bonds:		
U.S. Dept. of Agriculture Rural Development	2,232,701.25	2,270,728.88
Revenue refunding bonds, Series 1999	31,000.00	53,000.00
Certificates of Indebtedness, Series 2007	<u>268,000.00</u>	<u>268,000.00</u>
Total	<u>2,817,701.25</u>	<u>2,955,728.88</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Sherrel Johnson, Consolidated Waterworks District No. 13 of West Feliciana Parish, P. O. Box 1921, St. Francisville, Louisiana 70775 or 225-635-3864.

**WEST FELICIANA PARISH POLICE JURY
ST. FRANCISVILLE, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2009**

Governmental Funds Budgetary Highlights

General fund revenues realized were \$38,992 more than the amount budgeted. Expenditures were \$13,882 less than expenditures budgeted. This provided for an increase in fund balances of \$82,874 more than anticipated.

Road improvement revenues realized were \$5,063 (< 1%) less than anticipated, primarily from intergovernmental revenues. Expenditures were more than budgeted amounts by \$25,506 or 1%.

Budgetary comparison schedules are on pages 45 – 46.

Capital Asset and Debt Administration

Capital Assets. The Police Jury's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$14,605,954 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, streets and bridges, equipment vehicles, utility systems and furniture and fixtures.

Capital assets as of December 31, 2009, are detailed in the following table.

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 1,348,267	\$ 1,348,267	\$ -0-	\$ -0-
Buildings/improvements	10,859,063	10,797,521	-0-	-0-
Equipment	394,824	312,980	-0-	-0-
Furniture	25,660	34,213	-0-	-0-
Vehicles	69,591	70,845	-0-	-0-
Streets/bridges	915,627	867,809	-0-	-0-
Utilities	-0-	-0-	1,428,922	1,480,636
Total	<u>13,613,032</u>	<u>12,431,635</u>	<u>1,428,922</u>	<u>1,480,636</u>

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009 AND 2008**

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 163,858.84	\$ -
Accounts receivable, net of allowance for doubtful accounts of \$9,449 in 2009 and 2008	114,764.62	80,854.91
Prepaid expenses	9,814.61	9,147.00
	<hr/>	<hr/>
Total Current Assets	288,438.07	90,001.91
Restricted Assets:		
Cash and cash equivalents	627,252.13	571,018.90
Taxes receivable, net	26,924.08	21,654.05
	<hr/>	<hr/>
Total Restricted Assets	654,176.21	592,672.95
Capital Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$4,469,092.27 in 2009 and \$4,180,241.01 in 2008	5,422,596.36	5,012,944.16
	<hr/>	<hr/>
TOTAL ASSETS	<u>6,365,210.64</u>	<u>5,695,619.02</u>

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
DECEMBER 31, 2009 AND 2008**

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from current assets:		
Bank overdraft	\$ -	\$ 92,848.83
Accounts payable	114,661.26	39,913.01
Payroll withholdings and related payables	4,151.53	2,702.34
Due to other governmental agencies	-	13,713.00
	<hr/>	
Total Current Liabilities (Payable from Current Assets)	118,812.79	149,177.18
Payable from restricted assets:		
Bonds payable - general obligation	85,000.00	78,000.00
Bonds payable - revenue	129,008.34	83,061.06
Accrued interest payable	14,165.43	17,362.07
Customer deposits	143,095.83	141,014.00
	<hr/>	
Total Current Liabilities (Payable from Restricted Assets)	371,269.60	319,437.13
	<hr/>	
Total Current Liabilities	490,082.39	468,614.31
Long-Term Liabilities:		
Bonds payable - revenue	2,320,786.30	2,521,432.00
Compensated absences payable	19,667.28	21,335.60
Payable from restricted assets:		
Bonds payable - general obligation	201,000.00	208,000.00
Bonds payable - revenue	81,906.61	65,235.82
	<hr/>	
Total Long-Term Liabilities	2,623,360.19	2,816,003.42
	<hr/>	
Total Liabilities	3,113,442.58	3,284,617.73

Continued

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
DECEMBER 31, 2009 AND 2008

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
Net Assets.		
Invested in capital assets, net of related debt	\$ 2,496,522.41	\$ 2,075,215.28
Restricted for customer deposits	143,095.83	141,014.00
Restricted for debt service and contingencies	511,080.38	451,658.95
Unrestricted	101,069.44	(256,886.94)
Total Net Assets	<u>3,251,768.06</u>	<u>2,411,001.29</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>6,365,210.64</u></u>	<u><u>5,695,619.02</u></u>

See Accompanying Notes and Auditors' Report

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
YEAR ENDED DECEMBER 31, 2009 AND 2008**

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Water sales	\$ 1,361,599.72	\$ 1,217,301.72
Late/reconnection charges	48,779.26	45,629.01
Meter installations	32,709.11	28,587.00
Rental fees - hydrants	40,250.00	34,750.00
Total Operating Revenues	1,483,338.09	1,326,267.73
<u>OPERATING EXPENSES</u>		
Administrative	185,115.92	48,101.67
Depreciation	288,851.26	284,264.37
Employee and related expenses	577,368.91	564,521.98
Occupancy	133,275.03	157,799.28
Personal services	257,279.52	227,072.53
Total Operating Expenses	1,441,890.64	1,281,759.83
Operating Income	41,447.45	44,507.90

Continued

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS (Continued)
YEAR ENDED DECEMBER 31, 2009 AND 2008**

	Business-type Activities	
	<u>2009</u>	<u>2008</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest earned	1,523.35	10,539.03
Grants and other contributions	484,591.04	-
Other revenues	2,020.00	500.00
Taxes - ad valorem	121,330.54	78,310.57
Interest expense	<u>(144,993.43)</u>	<u>(154,906.17)</u>
Total Non-Operating Revenues (Expenses)	<u>464,471.50</u>	<u>(65,556.57)</u>
Change in Net Assets	505,918.95	(21,048.67)
Net Assets, beginning	2,411,001.29	2,432,049.96
Adjustments to prior periods	<u>334,847.82</u>	<u>-</u>
Net Assets, ending	<u>3,251,768.06</u>	<u>2,411,001.29</u>

See Accompanying Notes and Auditors' Report

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009 AND 2008**

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,451,510.21	\$ 1,360,396.04
Cash paid to suppliers for goods/services	(381,676.54)	(538,380.74)
Cash paid to employees for services	(577,588.04)	(568,290.35)
Net Cash Provided by Operating Activities	492,245.63	253,724.95
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes received	116,060.51	78,056.00
Other non-operating revenues	2,020.00	500.00
Net Cash Provided by Non-Capital Financing Activities	118,080.51	78,556.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition/construction of capital assets	(590,130.76)	(134,024.98)
Proceeds of grants and other capital contributions	484,591.04	-
Interest paid on bonds	(148,190.07)	(149,017.10)
Principal paid on bond maturities	(138,027.63)	(131,176.78)
Net Cash Used for Capital and Related Financing Activities	(391,757.42)	(414,218.86)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,523.35	10,539.03
Net Cash Provided by Investing Activities	1,523.35	10,539.03

Continued

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED DECEMBER 31, 2009 AND 2008**

	Business-type Activities	
	<u>2009</u>	<u>2008</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 220,092.07	\$ (71,408.88)
Cash and Cash Equivalents, beginning of year	<u>571,018.90</u>	<u>642,427.78</u>
Cash and Cash Equivalents, end of year	<u><u>791,110.97</u></u>	<u><u>571,018.90</u></u>

**RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	41,447.45	44,507.90
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	288,851.26	284,264.37
(Increase) decrease in assets:		
Accounts receivable	(33,909.71)	32,142.94
Prepaid expenses	(667.61)	351.00
Increase (decrease) in liabilities:		
Accounts and other payables	196,110.73	(112,459.39)
Customer deposits	2,081.83	1,985.37
Compensated absences payable	(1,668.32)	2,932.76
Net Cash Provided by Operating Activities	<u><u>492,245.63</u></u>	<u><u>253,724.95</u></u>

BALANCE SHEET PRESENTATION OF CASH:

Current Assets:		
Cash and cash equivalents	163,858.84	-
Restricted Assets:		
Cash and cash equivalents	<u>627,252.13</u>	<u>571,018.90</u>
Cash and Cash Equivalents, end of year	<u><u>791,110.97</u></u>	<u><u>571,018.90</u></u>

See Accompanying Notes and Auditors' Report

NOTES TO FINANCIAL STATEMENTS

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
	Introduction.....	19
1	Summary of Significant Accounting Policies.....	19
2	Cash and Cash Equivalents.....	22
3	Receivables.....	23
4	Capital Assets.....	23
5	Accounts and Other Payables	24
6	Long-Term Liabilities	25
7	Leases.....	27
8	Retirement Plan.....	27
9	Other Post-Employment Benefits	28
10	Adjustments to Prior Periods	28
11	Related Party Transactions.....	28
12	Litigation and Claims.....	29
13	Subsequent Events	29

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

INTRODUCTION

The Consolidated Waterworks District No. 13 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Police Jury as allowed under Louisiana Revised Statute 33:7702. The West Feliciana Parish Police Jury acts as the governing body. They are not paid for their services to the District.

The District was created to provide water resources to the citizens of West Feliciana Parish residing within the boundaries of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the West Feliciana Parish Police Jury is the financial reporting entity for West Feliciana Parish. The District is considered a component unit of the West Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

funds of the District include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

Application of FASB Statements and Interpretations: Reporting on business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's water services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Budgets and Budgetary Accounting: The District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The governing body must approve any revisions that alter the total expenditures. Budget amounts lapse at year-end.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Cash and Cash Equivalents: Cash includes amounts in demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

Inventory: Inventory of the District includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Receivables: Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical information. Revenues become susceptible to accrual when they become both measurable and available.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: The District's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing assets. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows: distribution system – 40 years; equipment and furniture – 5 years and vehicles – 3 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District elected not to report its governmental infrastructure retroactively. From that point forward, the District has used the basic approach to infrastructure reporting for its governmental activities when applicable.

Compensated Absences: Vested or accumulated vacation leave is recorded as a fund liability and operating expense in the year earned. In accordance with the provisions of Statement of Financial Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits or vacation leave.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Net Assets: In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are reserved by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) of the District are as follows:

Demand deposits	\$ 387,348.37
LAMP, Inc.	<u>403,762.60</u>
Total	<u>791,110.97</u>

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

The District has investments in a local government investment pool that is administered by a non-profit corporation, LAMP, Inc. This corporation was organized under the laws of the State of Louisiana, and its purpose is to provide a safe environment for the placement of public funds in short-term, high-quality investments. Investments included in its portfolio, that is restricted to those issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its assigns, include only those with maturities of ninety days or less. This design allows participants immediate access to their funds. For this reason, the account balances at year-end are recorded in the accompanying financial statements as cash and cash equivalents.

Of the cash balances included above, \$627,252.13 is restricted for public improvements and bond payments and for customers (deposits held). Certain proceeds of the revenue bonds, as well as certain resources set aside for their repayment are restricted by bond covenants. The 'revenue bond and interest sinking' account is used to segregate resources accumulated for debt service payments over the next twelve months. The 'reserve' account is used to report resources set aside to make up potential future deficiencies in this account. The 'contingency' account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

NOTE 3 – RECEIVABLES

The net receivables at December 31, 2009, are as follows:

Class of Receivables

Taxes – ad valorem	\$ 26,924.08
Customers	97,289.61
Allowance for bad debts	<u>(9,449.07)</u>
Net	<u>114,764.62</u>

The District utilizes the allowance method for the receivables estimated to not be collected. Accounts are written off as they are deemed worthless.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 34,133.00	\$.00	\$.00	\$ 34,133.00

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Distribution system	8,735,648.63	532,783.41	.00	9,268,432.04
Less: accumulated depreciation	<u>3,799,494.30</u>	<u>229,061.22</u>	<u>.00</u>	<u>4,028,555.52</u>
Net Distribution System	4,936,154.33	303,722.19	.00	5,239,876.52
 Furniture	 3,144.00	 .00	 .00	 3,144.00
Less: accumulated depreciation	<u>3,144.00</u>	<u>.00</u>	<u>.00</u>	<u>3,144.00</u>
Net Furniture	.00	.00	.00	.00
 Machinery & equipment	 250,614.00	 144,320.05	 .00	 394,934.05
Less: accumulated depreciation	<u>223,315.00</u>	<u>48,086.71</u>	<u>.00</u>	<u>271,401.71</u>
Net Machinery & Equipment	27,299.00	96,233.34	.00	123,532.34
 Vehicles	 167,533.00	 21,400.00	 .00	 188,933.00
Less: accumulated depreciation	<u>152,175.17</u>	<u>11,703.33</u>	<u>.00</u>	<u>163,878.50</u>
Net Vehicles	15,357.83	9,696.67	.00	25,054.50
 Leasehold improvements	 2,112.54	 .00	 .00	 2,112.54
Less: accumulated depreciation	<u>2,112.54</u>	<u>.00</u>	<u>.00</u>	<u>2,112.54</u>
Net Leasehold Improvements	.00	.00	.00	.00
 Capital Assets, being depreciated, net	 <u>4,978,811.16</u>	 <u>409,652.20</u>	 <u>.00</u>	 <u>5,388,463.36</u>
 Capital Assets, net	 <u>5,012,944.16</u>	 <u>409,652.20</u>	 <u>.00</u>	 <u>5,422,596.36</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The payables, with the exception of intergovernmental liabilities, at December 31, 2009, are as follows:

Class of Payable

Trade	\$ 114,661.26
Payroll withholdings and related	4,151.53
Accrued interest	14,165.43
Customer deposits	143,095.83
Bonds payable – short-term portion	<u>214,008.34</u>
 Total	 <u>490,082.39</u>

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds. On January 22, 1998, the District issued \$925,000 in general obligation bonds for the purpose of prepaying \$821,925 of outstanding general obligation refunding bonds. This debt, with an interest rate of 7.2%, is payable in equal installments due each April through 2013. This obligation is secured by an annual ad valorem tax levy dedicated to the retirement of this debt under the terms of the bond indenture. This revenue source must be set aside in a separate account in this manner:

“A monthly deposit into the ‘Bond and Interest Sinking’ account in an amount equal to $1/12^{\text{th}}$ of the principal and $1/6^{\text{th}}$ of the interest falling due on the next payment date for the bonds.”

Revenue Bonds. On March 20, 1997, the District issued \$2,600,000 in revenue bonds for the purpose of improving and extending the waterworks system. Repayment is made through monthly payments of principal and interest in the amount of \$12,558 at a rate of 5%. Such payments will continue through 2037. The following requirements are included in the terms of the bond indenture:

“A monthly deposit into the ‘Reserve’ account in the amount of \$735. This sum must be deposited monthly into this account until \$150,696 has been accumulated therein. Monies in the ‘Reserve’ account will be used solely for the purpose of paying principal and interest on such bonds as to which there would otherwise be a default.”

“A monthly deposit into the ‘Contingency’ account in the amount of \$799 for the purpose of caring for extensions, additions, improvements and replacements necessary to properly operate the Waterworks System. Such account may be used for the purpose of payment of bonds for which there is not enough money in the ‘Sinking’ account or ‘Reserve’ account.”

The District issued \$211,000 in refunding bonds in October of 1999, at varying rates of interest beginning at 5.05% and increasing annually to 6.1% with the first principal payment due April 1, 2000.

The purpose of these bonds was to prepay and refund \$219,480 in outstanding bonds dated April 6, 1989. Repayment of principal on this debt is made in annual installments with the final payment being paid in April of 2011.

The following terms as stipulated in the bond indenture are required:

“A monthly deposit into the ‘Bond and Interest Sinking’ account in an amount equal to $1/12^{\text{th}}$ of the principal and $1/6^{\text{th}}$ of the interest falling due on the next payment date for the bonds.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

A monthly deposit into the 'Reserve' account equal to 5% of the payments to the 'Bond and Interest Sinking' account until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirements for any year on bonds payable from the 'Sinking' account. Monies in the 'Reserve' account will be used solely for the purpose of paying principal of and interest on such bonds as to which there would otherwise be a default.

A monthly deposit into the 'Contingency' account equal to 5% of the payments to the 'Bond and Interest Sinking' account for the purpose of caring for depreciation, extension, additions, improvements and replacements necessary to properly operate the waterworks system. Such account may also be used for the purpose of payment of bonds for which there is not sufficient money in the 'Bond and Sinking Interest' account or 'Reserve' account.

The District issued \$268,000 in certificates of indebtedness in October of 2007, at varying rates of interest with an average of 5.76% (combined) with the first principal payment due February 1, 2008. Of this amount, \$40,000 is due to the Louisiana Public Facilities Authority at no interest and principal payments of \$8,000 annually until paid. The purpose of this issue was to fund continued relocation construction costs.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2009:

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation	\$ 364,000.00	\$.00	\$ 78,000.00	\$ 286,000.00	\$ 85,000.00
Revenue	2,591,728.88	.00	60,027.63	2,531,701.25	129,008.34
Comp absences	21,335.60	81,450.37	83,118.69	19,667.28	.00
Total	2,977,064.48	81,450.37	221,146.32	2,837,368.53	161,061.06

The annual debt service requirements to maturity for bonded debt as of December 31, 2009, are as follows:

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>
2010	\$ 85,000.00	\$ 17,532.00	\$ 129,008.34	\$ 120,908.76
2011	92,000.00	11,160.00	75,055.27	117,213.13
2012	99,000.00	4,284.00	70,206.88	114,043.42
2013	10,000.00	360.00	73,468.57	110,977.13
Next five years	.00	.00	334,896.30	497,117.74

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Next five years	.00	.00	330,291.46	406,290.20
Next five years	.00	.00	423,882.43	307,910.96
Next five years	.00	.00	543,993.17	181,655.08
Next five years	.00	.00	550,898.83	33,815.83
			<hr/>	<hr/>
Total	286,000.00	33,336.00	2,531,701.25	1,889,932.25

NOTE 7 – LEASES

Operating Leases. The District leases space from the West Feliciana Parish Police Jury on a month-to-month basis at a rate of \$200 per month. Total rent paid during the year was \$2,000.

Capital Leases. The District has no capital leases.

NOTE 8– RETIREMENT PLAN

Substantially all employees of the Consolidated Waterworks District No. 13 of West Feliciana Parish are members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees. All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate. Contributions of participating agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

The System is composed of two distinct plans – Plan A and Plan B – with separate assets and benefit provisions. All participants of the District are members of Plan B. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to retirement benefits, payable monthly for life, equal to 2% of their final average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service but less than 30 years may take early retirement benefits commencing at or after age 60, with the benefit reduced 3% for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100% of final-average salary or \$70 multiplied by total years of creditable service.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. The same statute establishes these benefits.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Funding Policy: Contributions to the system include ¼ of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge. These tax dollars are divided between Plans A and B, based proportionately on the salaries of the active members of each plan. State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Plan members are required to contribute 3% of their annual covered salary and the District is required to contribute 5.25% of annual covered payroll. The District's contributions to the System for the years ending December 31, 2009, 2008 and 2007, were \$27,923, \$25,999 and \$23,057, respectively, equal to the required contributions for each year. Under present statutes, the District does not guarantee the benefits granted by the system.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide post-employment benefits.

NOTE 10 – ADJUSTMENTS TO PRIOR PERIODS

The District was operated in conjunction with the West Feliciana Parish Police Jury in which all funds operated out of one consolidated cash account. The District and each fund of the Police Jury, however, has its own investment account set up through the Louisiana Asset Management Pool (LAMP). In an effort to maximize interest earnings, funds were not transferred out of these LAMP accounts when cash flow required them by a particular fund – the cash of the Police Jury's general fund was utilized instead. Cash balances were adjusted at December 31, 2009, to accurately reflect the beginning balances for all funds and the District. A separate bank account was set up for the District as of January 1, 2009.

NOTE 11 – RELATED PARTY TRANSACTIONS

The District paid \$2,000 to the West Feliciana Parish Police Jury for office space rent during the year. The District is a component unit of this other governmental agency.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 12 – LITIGATION AND CLAIMS

The District is a party to a lawsuit involving right of way issues that was originally ruled in the District's favor. There is no financial impact expected as a result of final disposition.

NOTE 13 – SUBSEQUENT EVENTS

There were no events between the close of the year through issuance of this report that would materially impact these basic financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u>
<u>OPERATING REVENUES</u>				
Charges for services:				
Water sales	\$ 1,305,500.00	\$ 1,305,500.00	\$ 1,361,599.72	\$ 56,099.72
Late/reconnection charges	45,100.00	45,100.00	48,779.26	3,679.26
Meter installation	22,000.00	22,000.00	32,709.11	10,709.11
Rental fees - hydrant	39,550.00	39,550.00	40,250.00	700.00
Total Operating Revenues	1,412,150.00	1,412,150.00	1,483,338.09	71,188.09
<u>OPERATING EXPENSES</u>				
Administrative costs	-	-	134,416.93	(134,416.93)
Computer	15,000.00	15,000.00	11,963.32	3,036.68
Depreciation	288,850.00	288,850.00	288,851.26	(1.26)
Dues	8,400.00	8,400.00	6,655.20	1,744.80
Insurance - general	30,000.00	30,000.00	25,552.35	4,447.65
Insurance - health	45,600.00	45,600.00	45,670.33	(70.33)
Insurance - workers compensation	16,060.00	16,060.00	20,808.54	(4,748.54)
Office rent	2,400.00	2,400.00	2,000.00	400.00
Office supplies	3,600.00	3,600.00	3,731.18	(131.18)
Payroll taxes	35,100.00	35,100.00	32,392.16	2,707.84
Postage	10,680.00	10,680.00	11,032.72	(352.72)
Professional fees	15,000.00	15,000.00	14,074.96	925.04
Repairs and maintenance	128,000.00	128,000.00	144,516.48	(16,516.48)
Retirement	28,665.00	28,665.00	27,922.93	742.07
Salaries	458,640.00	458,640.00	445,091.95	13,548.05
Seminars/workshops	8,000.00	8,000.00	5,483.00	2,517.00
Telephone	21,950.00	21,950.00	20,024.00	1,926.00
Utilities	126,000.00	126,000.00	85,698.68	40,301.32

Continued

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Vehicle operations	\$ 84,000.00	\$ 84,000.00	\$ 43,653.53	\$ 40,346.47
Water purchased	1,500.00	1,500.00	100.54	1,399.46
All other expenses	100,500.00	100,500.00	72,250.58	28,249.42
Total Operating Expenses	1,427,945.00	1,427,945.00	1,441,890.64	(13,945.64)
Operating Income (Loss)	(15,795.00)	(15,795.00)	41,447.45	57,242.45
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest earned	4,450.00	4,450.00	1,523.35	(2,926.65)
Grants and other contributions	75,000.00	75,000.00	484,591.04	409,591.04
Other revenues	10,000.00	10,000.00	2,020.00	(7,980.00)
Taxes - ad valorem	102,690.00	102,690.00	121,330.54	18,640.54
Interest expense	(151,000.00)	(151,000.00)	(144,993.43)	6,006.57
Total Non-Operating Revenues (Expenses)	41,140.00	41,140.00	464,471.50	423,331.50
Change in Net Assets	25,345.00	25,345.00	505,918.95	480,573.95
Net Assets, beginning, restated	2,745,849.11	2,745,849.11	2,745,849.11	-
Net Assets, ending	2,771,194.11	2,771,194.11	3,251,768.06	480,573.95

See Auditors' Report

SUPPLEMENTARY INFORMATION

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2009 AND 2008**

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>ADMINISTRATIVE</u>		
Administrative costs	\$ 134,416.93	\$ -
Computer expenses	11,963.32	14,735.08
Dues	6,655.20	6,278.55
Miscellaneous	3,241.61	3,474.09
Office supplies	3,731.18	3,966.50
Postage	11,032.72	9,696.96
Professional fees	14,074.96	9,950.49
Total Administrative	185,115.92	48,101.67
<u>DEPRECIATION</u>	288,851.26	284,264.37
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Health insurance	45,670.33	43,423.85
Payroll taxes	32,392.16	29,003.40
Retirement	27,922.93	25,998.61
Salaries and wages	445,091.95	451,788.82
Seminars/workshops	5,483.00	-
Workers' compensation	20,808.54	14,307.30
Total Employee and Related Expenses	577,368.91	564,521.98
<u>OCCUPANCY</u>		
Insurance	25,552.35	24,787.38
Office rent	2,000.00	2,400.00
Telephone	20,024.00	22,112.15
Utilities	85,698.68	108,499.75
Total Occupancy	133,275.03	157,799.28

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF OPERATING EXPENSES (Continued)
YEAR ENDED DECEMBER 31, 2009 AND 2008**

	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>PERSONAL SERVICES</u>		
Chlorine	\$ 24,235.32	\$ 46,307.04
Consumables	3,148.75	3,692.38
DHH fees	10,172.16	10,094.40
Maintenance and repairs	144,516.48	95,776.11
Meter installation	27,500.09	4,497.93
Purchases of water	100.54	1,035.24
Testing of samples	-	158.62
Tools	3,952.65	2,777.08
Vehicle operations	43,653.53	62,733.73
Total Personal Services	<u>257,279.52</u>	<u>227,072.53</u>
TOTAL OPERATING EXPENSES	<u><u>1,441,890.64</u></u>	<u><u>1,281,759.83</u></u>

See Auditors' Report

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
YEAR ENDED DECEMBER 31, 2009**

<u>Coverage</u>	<u>Insurance Company</u>	<u>Expiration</u>	<u>Liability Limits</u>
General liability	St. Paul Insurance Co.	4/25/10	\$1,000,000 per occurrence \$2,000,000 annual aggregate
Auto liability and Physical damage	St. Paul Insurance Co.	4/25/10	\$1,000,000 uninsured motorist \$1,000,000 each accident
Property	St. Paul Insurance Co.	4/25/10	\$4,385,200 per occurrence
Position bond	Western Surety Co.	8/02/10	\$200,000 president \$200,000 secretary/treasurer \$50,000 water superintendent \$50,000 asst. water superintendent \$20,000 others
Inland marine	St. Paul Insurance Co.	6/06/10	\$684,866 aggregate
Workers' Compensation	La. Parish Government Risk Management Agency	12/31/10	\$1,000,000 each accident
Terrorism risk	St. Paul Insurance Co.	4/25/10	Varies

See Auditors' Report

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF INFORMATION REQUIRED BY RURAL DEVELOPMENT
YEAR ENDED DECEMBER 31, 2009**

Item No. 1

The District's customers' accounts receivable at December 31, 2009, is comprised of the following:

	<u>0-30 days</u>	<u>31+ days</u>	<u>Total</u>
No.	2,518	295	2,813
Amount	\$ 72,180	\$ 25,110	\$97,290

Item No. 2

The District's water rates at December 31, 2009, were as follows:

<u>Residential</u>	
≤ 2,000 gallons	\$9.00 minimum
> 2,000 gallons	\$3.50 per thousand gallons
<u>Commercial</u>	
≤ 10,000 gallons	\$33.75 minimum
> 10,000 gallons	\$3.50 per thousand gallons
<u>School</u>	
≤ 25,000 gallons	\$56.25 minimum
> 25,000 gallons	\$3.50 per thousand gallons

Item No. 3

The number of residential and non-residential users at December 31, 2009, is 3,431 and 89, respectively.

Item No. 4

The District is operated under the authority of the West Feliciana Parish Police Jury. The jurors are not compensated for their services through the District.

See Auditors' Report

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AMOUNTS
YEAR ENDING DECEMBER 31, 2010**

OPERATING REVENUES

Charges for services.	
Water sales	\$ 1,260,325.00
DHH/fire protection charges	45,175.00
Late/reconnection charges	45,100.00
Meter installations	22,000.00
Rental fees - hydrants	40,000.00
	<hr/>
Total Operating Revenues	1,412,600.00

OPERATING EXPENSES

Administrative costs	135,000.00
Chlorine	40,000.00
Computer	15,000.00
Consumables	5,000.00
DHH fees	14,400.00
Dues and registrations	7,000.00
Fire hydrant repair	12,000.00
Insurance - general	30,000.00
Insurance - health	45,600.00
Insurance - workers' comp	21,000.00
Meter installation	22,500.00
Office rent	2,400.00
Office supplies	3,600.00
Payroll taxes	32,850.00
Postage	10,000.00
Professional services	15,000.00
Repairs and maintenance	128,000.00
Retirement	28,600.00
Salaries	445,000.00
Sample testing	4,800.00
Seminars	6,000.00

Continued

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AMOUNTS (Continued)
YEAR ENDING DECEMBER 31, 2010**

Telephone	\$ 21,950.00
Tools	6,000.00
Utilities	86,000.00
Vehicle operation	45,000.00
Water purchased	1,500.00
Capital outlay	98,000.00
All other	<u>75,000.00</u>
Total Operating Expenses	<u>1,222,200.00</u>
Operating Income	190,400.00
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest earned	1,500.00
Ad valorem taxes	86,050.00
Miscellaneous	5,000.00
Interest expense	<u>(151,000.00)</u>
Total Non-Operating Revenues (Expenses)	<u>(58,450.00)</u>
Change in Net Assets	131,950.00
Net Assets, beginning	<u>3,251,768.00</u>
Net Assets, ending	<u><u>3,383,718.00</u></u>

See Auditors' Report

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
WEST FELICIANA PARISH POLICE JURY MEMBERS
YEAR ENDED DECEMBER 31, 2009**

Lea Reid Williams P. O. Box 516 St. Francisville, LA 70775 (225) 635-6540	District 1
--	------------

Randy Stevens 2978 La. Highway 966 St. Francisville, LA 70775 (225) 635-6621	District 2
---	------------

John C. Cobb 10637 Tunica Trace St. Francisville, LA 70775 (225) 635-6177	District 3
--	------------

Billy D. Shoemake P. O. Box 162 Tunica, LA 70782 (225) 655-3294	District 4
--	------------

John K. Roach 15456 La. Highway 421 St. Francisville, LA 70775 (225) 635-6464	District 5
--	------------

Kenneth Dawson P. O. Box 32 St. Francisville, LA 70775 (225) 635-4935	District 6
--	------------

Otis L. Wilson P. O. Box 162 St. Francisville, LA 70775 (225) 721-0881	District 7
---	------------

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants

**REPORT ON COMPLIANCE AND OTHER MATTERS AND
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Police Jurors of West Feliciana Parish
Consolidated Waterworks District No. 13
P. O. Box 1921
St. Francisville, Louisiana 70775

We have audited the basic financial statements of the Consolidated Waterworks District No. 13 of West Feliciana Parish, as of and for the year ended December 31, 2009, and have issued our report thereon dated September 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consolidated Waterworks District No. 13 of West Feliciana Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as finding 2009.01.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Consolidated Waterworks District No. 13 of West Feliciana Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Waterworks District No. 13 of West Feliciana Parish's internal control over financial reporting. Accordingly, we do not express an opinion

on the effectiveness of the Consolidated Waterworks District No. 13 of West Feliciana Parish's internal control over financial reporting.

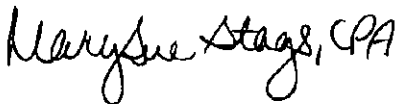
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as 2009.02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we consider it to be a material weakness.

This report is intended solely for the information and use of management, the West Feliciana Parish Police Jurors, others within the agency and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
September 14, 2010

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEUDLE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2009**

We have audited the basic financial statements of the Consolidated Waterworks District No. 13 of West Feliciana Parish as of and for the year ended December 31, 2009, and have issued our report thereon dated September 14, 2010. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

A. Report on Compliance and Internal Control Material to the Financial Statements

Compliance	Material to Financial Statements	■ No
Internal Control	Control Deficiency(ies)	■ Yes
	Material Weaknesses	■ Yes

B. Federal Awards

N/A

C. Identification of Major Programs

N/A

Section II Financial Statement Findings

2009.01 Compliance with Audit Law

Criteria. Louisiana Revised Statute 24:513 requires that an audited financial statement be submitted to the Legislative Auditor within six months of the close of an entity's fiscal year. This equates to June 30th for the District. This deadline was not met for the year ended December 31, 2009. This deadline was not met for the years ended December 31, 2008 or 2007.

Condition. There are no processes in place to ensure that the books are closed in sufficient time to allow for an independent auditor to effectively perform the appropriate attest services.

Impact. The District is not in compliance with applicable laws.

Recommendation. We again recommend the design and implementation of an effective internal control system that specifically identifies who will be responsible for the processes necessary and by when should they be performed and completed.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEUDLE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2009**

Management's Response. "We have begun the development of policies/procedures necessary to implement an effective internal control system. It is anticipated that a policy regarding the timeliness of monthly and annually reporting will be included such that the books and records of the District will be ready for audit no later than March 15th of each year."

2009.02 Inadequate Internal Control over Financial Reporting/Statements

Criteria. Generally accepted accounting principles requires that an effective internal control system be adopted and implemented so that the District will have the ability to initiate, authorize, record, process and report financial data reliably.

Condition. The current system does not provide accounting processes for timely, complete and accurate financial data such that a reliable financial statement can be produced. There is not appropriate segregation of duties or levels of approval to create an atmosphere of strong internal control. There are no timelines that provide for timely submission of financial data so that an effective audit can be completed. Additional conditions and recommendations are summarized in an advisory report issued by the Legislative Auditor on August 25, 2010.

Impact. Errors may not be discovered and corrected in a timely manner.

Recommendation. We recommend that an internal control system be designed and adopted that identifies the District's significant accounting processes. These processes should clearly identify the activities and procedures required to initiate, authorize, record, process and report transactions that will provide reliable financial data on a daily, monthly, quarterly and annual basis.

Management's Response. "In the Spring of 2010, we began compiling policies and procedures as part of a plan to develop a comprehensive manual that would create an effective internal control system. Although we are still working towards this, several policies/procedures have been implemented including spending authority based on dollar limits, institution of a purchase requisition/order system and segregation of certain financial duties. Our goal is to have recommendations discussed as part of this audit and those included in the Legislative Auditors' advisory report in place and/or researched within the next six months. Substantial progress has already been made in regards to the reconciliation and reporting of cash and cash equivalents."

Section III Federal Award Findings and Questioned Costs

N/A

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2009**

Section I Internal Control and Compliance Material to the Financial Statements

2008-01 Inadequate Internal Control <i>Recommendation:</i> The District should design, adopt and implement an effective internal control system	<i>Unresolved; See Finding 2009.02</i>
2008-02 Periodic Reconciliations/Review <i>Recommendation:</i> The District should design, adopt and implement an effective internal control system	<i>Partially Resolved; See Finding 2009.02</i>
2008-03 Compliance with Audit Law <i>Recommendation:</i> The District should file its annual financial statements in accordance with LSA RS 24:514.	<i>Unresolved; See Finding 2009.01</i>

Section II Compliance and Internal Control Material to Federal Awards

None

Section III Management Letter

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2009**

Section I Compliance and Internal Control Material to the Financial Statements

Please refer to management's response included in the schedule of findings and responses.

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

N/A